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USSR - RAILWAY TRANSPORTATIONA. POLICIES

1. Basic Soviet policy with respect to railway transportation is expressed in the current Five-Year Plan. The plan lists in first place among the 15 major tasks confronting the national economy, "the restoration and development of heavy industry and railway transport, without which the rapid and effective recovery and development of the entire national economy of the USSR would be impossible." The foregoing text is significantly worded. Repeated mention of war damage restoration ahead of new development reflects the most determining factor in the Soviet railway problem. While new construction is in progress to satisfy the expanding Soviet industrialization and the geographic readjustments of post-war Soviet industry, the major emphasis for some time will be placed upon repairing war damage in areas of German occupation, where rail capacities are still below minimum levels demanded by the National interest.

Railway policy, except on minor matters, is exclusively determined by the State at high political levels. The railways are viewed by the government solely as an economic instrument of national policy. Considerations such as convenience of the public, the interests of private ownership, or the requirements of industry, which would strongly influence railway policy in other countries, are of little or no importance in the USSR, where the railway system must be responsive to over-all economic planning, which itself is essentially a manifestation of the Communist Party's political will.

2. In the USSR, policy for the various media of transportation is administered primarily by separate agencies, although coordination in administration can be enforced, if necessary, by the State Planning Commission (Gosplan). In the determination of policy, on the other hand, there is little latitude for independent action, because all important aspects of transportation policy must be approved by the State Planning Commission (and on occasion by the Politburo of the Party). Because the State Planning Commission is charged with establishing over-all economic policy responsive to the Party's political will, and is disinterested in the narrow points of view of individual interests, integration of policy at the planning level is thus theoretically assured.
3. Economic considerations originally determined the pattern of the Russian network, and prior to World War II strategic and military considerations did not strongly influence rail policy, although occasionally, as in the Siberian Maritime Provinces, railroad construction was undertaken with substantially strategic objectives.

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USSR - RAILWAY TRANSPORTATION (A-3 CONT'D)

During World War II the USSR carried out some major emergency railroad construction solely for military reasons, and administration of lines under Soviet control was directed exclusively toward meeting the demands of the war effort.

The announced future development of Soviet railroads does not appear to include major projects which are primarily strategic, although many projects will increase the Soviet economic potential, and thus the military potential. There can be little doubt, however, that the USSR has become more aware of the strategic implications of rail development, or that the Soviet General Staff is carefully scrutinizing all features of railway policy. However, it will not be possible for the USSR rapidly to eliminate the major strategic weaknesses such as (a) the broad gauge of Soviet railroads, (b) the lack of reserve capacity, (c) absence of railways in large sections of the USSR, (d) poor rail connections to border areas along most of the USSR's southern boundaries, and (e) relatively low potential of the existing trans-Siberian railroad. (The completion of the projected South Siberian trunk line, as described in the fourth Five-Year Plan, which will not provide the USSR with a second transcontinental rail connection, is justified in Soviet statements on economic grounds.)

4. As in the case of all other Soviet enterprises, state ownership of railroads makes the question of subsidization inapplicable. (See Merchant Shipping, A-3).
5. Vested interests, in the usual private sense, could not exist in the USSR, and therefore do not influence rail policy. Within the Communist Party, however, thirty years of power have produced some measure of bureaucratic factionalism, which might introduce conflicts at the planning level. Historical circumstances obviously moulded the development of Russia and thus influenced the pattern of rail construction. No historical factor, however, appears to exert a determining influence on present rail policy. Geographic conditions have always influenced rail policy and still limit the direction in which railway development can proceed. Geography and climate, for example, have excluded railroads from Northern Siberia, and the only rail connection from the Atlantic to the Pacific (the Trans-Siberian) is actually a circuitous route when compared to the great circle from Gibraltar to Vladivostok, which passes in the vicinity of Leningrad and touches the Arctic Circle. Climate has also produced large arid areas in the USSR, where water supply

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for steam locomotives is a major limiting factor in railway operation. Large rivers in the area of railway concentrations (western USSR) have also interposed serious barriers to railway construction. Political considerations indirectly dominate Soviet rail policy, in the sense that the Communist Party's entire economic program, which governs rail policy, is itself a manifestation of the Party's political will. The progress of Soviet industrialization will provide the major incentive to rail development, once the extensive damage of World War II has been repaired. For the next few years the Soviet economy will witness a continuation of the race which has been in progress for many years in the USSR between expanding requirements of industry and increased rail capacity. During this process, rail facilities have never had substantial reserve capacity, nor are they likely to achieve this desirable goal during the current Five-Year Plan.

B. ORGANIZATION

1. While railroad operations are administered by the Ministry of Railways, there are several other Ministries whose activities affect railroad operation and construction. Among these are: (a) the Ministry of the Iron and Steel Industry, (b) the Ministry of the Transport Machine Building Industry, and (c) the Ministry of Internal Affairs. In addition to the direct controls exercised by the above listed Ministries, each charged with specific functions, all aspects of Soviet railroad policy are subject to the over-all economic plans of the State Planning Commission and the political program of the Communist Party.

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2. The Ministry of railways is responsible for the formulation of rail policies and administrative procedures at the Cabinet level. Since the Ministry of the Iron and Steel Industry produces major items required by the railroad industry, such as rails, its program must be carefully integrated with projected railway plans. Likewise, the capabilities of the Ministry of the Transport Machine Building Industry, which constructs rolling stock for the railroads, must be considered. The Ministry of Internal Affairs also plays an important role in Soviet rail plans, because it is responsible for roadbed construction and the rail laying.
3. While each of the foregoing agencies is an administrative entity and is independent of outside control at the Cabinet level, they are all subject to top-level direction and coordination by the State Planning Commission. A general statement with respect to overlapping and conflicts in Soviet administrative organization is contained in the answer to B-3 covering USSR Inland Waterway Transportation.
4. The present Ministry of Railways was originally a part of a Commissariat having over-all responsibility for all transportation, with departments to administer the various media. The development of economic planning during the past twenty years has resulted in a sharp compartmentation of transportation administration, so that today there are separate Ministries for railroads, inland waterways, and the merchant marine. There is no evidence of impending change in the present administrative structure.
5. By Soviet definition, all government agencies operate in the public interest, because they implement the Party's program. On the other hand, even official assessment of the efficiency of individual agencies is frequently unfavorable, as evidenced by press criticisms of operational and bureaucratic deficiencies. If the efficiency of the railroads themselves is compared to that of the US or UK, for example, Soviet operations appear inefficient in certain respects. Trains operate at low speeds, automatic block-signal equipment and modern couplings are only available in limited quantities, car loadings and unloadings are subject to delays, and passenger traffic is badly neglected. On the other hand, many increases in efficiency, postponed by the war, are now being effected. The average length of haul is being reduced, heavier rails are being laid in large quantities, long stretches of line are being electrified, Diesel equipment is being introduced, and numerous lines are being double-tracked. The result of this program will be a material adjustment upwards in the rail system's ability to meet the requirements of the planned Soviet industrial expansion. The railroads, however, will not soon be able to offer comfortable transport to a large volume of passenger traffic, because the Fourth Five-Year Plan provides for relatively minor construction of passenger cars.

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USSR - RAILWAY TRANSPORTATION (C-1)C. ADMINISTRATION

1. Projects for the construction of new rail lines in the USSR are the responsibility of the Ministry of Railways at the Cabinet level. Because of their importance, however, there is little doubt that they must be referred to all agencies, political, economic and military, whose interests might be affected. The final decision, in fact, is probably taken in the State Planning Commission, or even the Politburo.
2. Rates for railroad traffic are centrally determined and apply to all Soviet lines. They are established at a level which assures the return of a planned profit to lines which operate at average efficiency. The USSR may permit sub-marginal lines, which could not show a profit on the basis of official rates, to maintain the fiction of operating profits through the use of concealed special charges. In the numerous instances where the demand for freight space far exceeds the available supply, the state equates supply and demand by allocating space on the basis of a complicated system of traffic priorities, instead of permitting rates to be raised by the competition of shippers for space.
3. Competition, in the usual sense, does not exist in the USSR, and there is no competition for business between the various rail lines. (Shippers, in fact, are more likely to compete for space.) "Socialist competition", present in all forms of transportation, is especially well organized throughout the rail system. This activity is promoted by the trade unions and the state in order to increase operating efficiency in such ways as hauling larger loads, speeding up service, and reducing the accident rate. Competition between the railroads and the other transport media in the sense of one media invading the logical province of another is theoretically eliminated by the transport planning activities of the state.
4. There are carefully defined rules covering operating safety and the condition of equipment on Soviet railroads. Both equipment and personnel are subject to periodic inspection, depending upon the type of equipment on the one hand and the nature of work engaged in on the other. In the regulations great emphasis is laid upon the personal responsibility of operating personnel for the condition of equipment under his jurisdiction. Accidents are investigated on the spot, such investigations being held in "people's courts" where greater emphasis is reported to be given to the circumstances of such misdeeds than to legal aspects. The importance which the State attaches to the investigation of railroad accidents is revealed by the fact that military tribunals have jurisdiction to a certain extent over the conduct of such investigations, although safety regulations are established under the authority of the Ministry of Railways. The actual administration

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of the rules outlined above is frequently lax, and public hearings regarding accidents sometimes reflect political considerations beyond the merits of the cases.

5. Technical schools are under the jurisdiction of the Ministry of Labor Reserves. The state maintains a network of such schools devoted exclusively to training technicians for the railroad industry. These schools are distinct from the technical schools where training in transportation is given as a part of the general curriculum. In addition to the foregoing training, boys with only elementary school education who wish to join the railroad industry are enrolled in trade schools where they are given training below the level required by technically skilled workers. Further training of selected students from the above group is given at the college level. It is known that Soviet workers in theory must possess evidence of qualifications and previous employment. These papers can be demanded as a condition of employment.
6. International agreements covering railway operations have been an important feature of Soviet foreign policy since the end of World War II. In 1945, for example, the USSR solidified its position in Manchurian railway transportation by concluding with China a Treaty of Friendship and Alliance. In connection with this agreement, joint Soviet-Chinese ownership and exploitation of the important Manchurian trunk lines were guaranteed for a period of 30 years. The USSR is entitled to unimpeded transit of goods from the Soviet naval base at Port Arthur and the free port of Dairen to the system's connections with Soviet territory. Another formal agreement has been concluded with Roumania, giving the USSR preferential rights on the Roumanian railroads. Irrespective of signed agreements, the USSR controls railroads in the Soviet-occupied areas of Europe, where drastic measures with regard to the utilization of rolling stock, change of gauge, and even dismantling of lines have been carried out.
7. Voluminous statistical and economic reports are submitted monthly to the Ministry of Railways by the low-level operating and administrative groups.

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